

MAYOR AND COUNCIL STRATEGIC FOCUS AREA SUBCOMMITTEE
RIO NUEVO/DOWNTOWN, ARTS, CULTURE AND HISTORY
ADMINISTRATIVE ACTION REPORT AND SUMMARY
February 23, 2006

Council Member Trasoff called the Subcommittee meeting to order at 5:08 p.m. The meeting was held in Ward 6 Conference Room (3202 E. 1st Street), Tucson, Arizona.

COUNCIL MEMBERS PRESENT: Council Member Nina Trasoff, Subcommittee Chair, Ward 6
Council Member Jose Ibarra, Ward 1
Vice Mayor Steve Leal, Ward 5

STAFF PRESENTERS: Greg Shelko, Rio Nuevo Director
Jim Glock, Transportation Director

GUEST PRESENTERS Don Bourn, Bourn Partners, Inc.
Jim Campbell, Oasis Tucson, Inc.

AGENDA ITEM/MAYOR AND COUNCIL ACTION	STAFF ACTION
<p>Chair Trasoff called the meeting to order at 5:08 p.m.</p> <p>She announced that:</p> <ul style="list-style-type: none">• Items 1 (Bourn Partners' Development Plans for The Post (aka/The Thrifty Block) and 6 (4th Avenue Underpass/Plaza Centro Plan – Feasibility Analysis) would be taken first.• If there was time, Item 4 would be taken next.• Items 2, 3 and 5 were deleted from the agenda.	
<p>1. Bourn Partners' Development Plans for the The Post (aka/The Thrifty Block)</p> <p>Mr. Shelko provided a brief history of the project. Mayor & Council authorized the Rio Nuevo District to purchase the Thrifty Block from the General Services Administration (GSA) of the Federal Government on August 5, 2002 for \$1.00, with development restrictions and preservation requirements imposed upon the District. Those conditions and restrictions were then imposed upon the developers of the property.</p> <p>An RFQ to develop the site was issued on November 4, 2002. A seven-member panel reviewed the proposals and selected Bourn Partners as the preferred developer. The acquisition price of the property from the District was \$100 and subject to the following conditions:</p> <ul style="list-style-type: none">• Execution of a mutually acceptable development agreement;	

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- Approval of development plans by the City of Tucson, the GSA and other governing authorities;
- Issuance of grading and building shell permits;
- Demolition of existing improvements by City of Tucson;
- Standard environmental indemnity clauses;
- Acquisition of the Bank One owned parking lot at the northeast corner of Stone and Broadway and delivery of title to said lot to the City/District;
- Construction of multi-level parking facility on said lot by the City/District as recommended in Bourn's concept proposal
- Given that the project contemplates use of the Bank One Annex property, incorporation of the exiting building and historic façade into the overall project, protecting this valuable historic asset;
- Construction by Bourn of a minimum of 27 loft condominiums, and no less than 10,000, square feet of the first floor retail space within no more than 37 months from start of construction;
- Construction start shall be no more than 12 months from execution of offer to purchase.

Mr. Bourn addressed the subcommittee. The obstacle to the project has been the inability to acquire the Bank One parking lot. Negotiations with Bank One were hindered when Bank One was taken over by Chase. Initially he was dealing with local representatives, but after the merger he was dealing with someone in New York and the Tucson project wasn't one of the bank's highest priorities.

By late summer/early fall it was obvious that things weren't going as planned. Bourn Properties came up with Plan B, which called for purchasing the Bank One Annex for \$1 million and redesigning the project. Mr. Bourn estimates it has spent \$300,000 on design to date. Mr. Bourn made that investment without a signed development agreement with the District, and at their own risk. Mr. Bourn reported that an architectural competition resulted in the most recent design. A contractor was hired to go through the drawings to get an estimate to build the project. They hired a marketing person. Mr. Bourn assured the Subcommittee the project is ready to roll out as soon as the development agreement is approved.

The list of things that the City could do to help the development was in response to a meeting Mr. Bourn had with the City Manager. Some of the suggestions were to have the City rezone the property, waive the parking requirements or buy a level of parking perhaps for use by the Fox Theatre. He added that developing downtown is difficult. Some examples include the fragmented ownership base and the cost of building on tight sites/vertically.

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His current plans call for 90-105 units in a 13-17 story structure containing three levels of parking, ground floor retail space and restoring the Indian Trading Village. Eight units could be part of an agreement with Community Services for affordable housing. The new plan calls for something more modern with upgraded storefronts and glass awnings. It won't compete with the historic nature of the Bank One/Change building and Indian Trading Village. He anticipates 12-16 months to start construction and pre-marketing with a 16-20 month construction period after that.

Subcommittee members expressed some concerns about the new design. Chair Trasoff said she wanted something that is contextually appropriate and respects the built environment of downtown Tucson. Council Member Leal said he wanted something that fits in with the historic Bank One/Chase building. He liked the original design. They didn't like the first two floors about the retail space (the parking lot floors). Everyone expressed concerns about the scale of the building.

Council Member Ibarra said he understands the developer's concerns, but it has been 18-20 months already. The project is a reflection upon Rio Nuevo. The project has to move, or the public's confidence is going to erode. There needs to be a plan of action. Mr. Ibarra said he wanted it reflected in the record that he was totally against any type of incentives other than those already available to any other developers downtown. For example, the \$10,000 building permit fee waiver and the application for new public infrastructure or fees in an amount equal to their contribution of construction sales taxes.

Mr. Shelko said that rezoning could start tomorrow, the development agreement is 90% complete and the performance measures can be structured in a way to make them tighter.

Mr. Ibarra made a motion to:

- move forward on the development agreement and rezoning process
- have the item returned to the subcommittee in 30-45 days
- Emphasize hard deadlines. If the deadlines aren't met, the City/District will open it up for RFP again.
- Present architectural aspects for the building again at the next subcommittee meeting for further review and public comment.

Council Member Leal seconded the motion. The motion passed unanimously 3-0.

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<p>THE SUBCOMMITTEE RECESSED AT 6:24 P.M.</p>	
<p>Mr. Ibarra left the meeting at 6:24 p.m.</p>	
<p>The meeting was called back to order at 6:30 p.m.</p>	
<p>6. 4th Avenue Underpass/Plaza Centro Plan – Feasibility Analysis</p>	
<p>Mr. Glock briefed the subcommittee on the 4th Avenue Underpass project, an instrumental piece to the final extension of the Barraza-Aviation Corridor/Stevens Alignment. The project received one bid and it was over budget. Staff is working on re-bidding the item soon. The Downtown Links citizens advisory committee is working toward resolution of roadway alignment options. A Construction Manager at Risk procurement process will be utilized for the award of the construction project.</p>	
<p>TDOT reviewed the Plaza Centro Plan. There are a number of challenges.</p>	
<ul style="list-style-type: none">• The width of the exiting underpass (12 feet) doesn't comply with current safety standards. It calls for 30 inches on each side. The geometric design, in an effort meet grades and address sight distance issues will call for a speed limit of 10 mph. This design speed and the associated geometric design violate national standards.• Delay – The redesign of the project will delay it approximately 12 go 18 months.	
<p>These challenges present a liability to the City and the project would delay the 4th Avenue project even further.</p>	
<p>Mr. Campbell of Oasis Tucson, Inc. holds the option of first right of refusal on the former Greyhound property in exchange for his property at Ft. Lowell. In his opinion the proposed new tunnel is too big at 75 feet. The historic tunnel will be abandoned. He suggested that the historic trolley needs to go under the underpass and that there can be two trolley routes (one runs from 4th Avenue to the University of Arizona and the other runs from the Historic Depot to the westside of I-10). His proposal envisions a dense project with a mix of uses that complements activity at the east end of Congress with pedestrian focus. He disagrees with Mr. Glocks assessment of the engineering constraints and transportation impacts of his plan.</p>	
<p>Chair Nina Trasoff said she saw the merits in each argument. She requested that Jim Campbell and Jim Glock meet again to discuss obstacles, and meet with the Historic Trolley representatives. They were requested to return to the subcommittee again in two weeks.</p>	

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Mr. Leal left the meeting at 7:10 p.m. The quorum was lost.	
7. Call to the Audience There was no Call to the Audience	